

ANNIVERSARY CELEBRATION

5 Years

Operation
2016 – 2020

Annual Report
2020

Table of Contents

	Pages
Chairman's Statements	03
CEO's Messages	05
Map of Business Operation Areas	07
Operation Highlight	09
Financial Highlight	10
Human Resource Highlight	11
Key Performance Highlight	13
About FUTABA	
Brief Overview of FUTABA	18
History of FUTABA	19
Vision Mission & Core Value	21
Branding of FUTABA	23
Corporate Governance	
Shareholder and Capital	26
Organization Chart	28
Board of Directors	29
Management Teams	31
Business Performances	
Loan Performance by Sectors	38
Loan Performance by Products	40
Classifying the Loan Types by Main Categories	42
Classifying the Loan Products by Main Categories	43
Risk Management & Internal Control	
Risk and Compliance Management	46
Internal Audit	47

FUTABA's Products

Business Loan	51
Housing Loan	51
Consumption Loan	52
Agriculture Loan	52
Education Loan	53
Staff Loan	53
Employee Loan	54

Staffs Capacity Development

Internal Training	56
External Training	58

Financial Statement & Independent Audit Reports

Report of the Board of Directors	60
Report of the Independent Auditors	63
Statement of Financial Position	65
Statement of Comprehensive Income	66
Statement of Changes in Equity	67
Statement of Cash Flows	68

FUTABA's Corporate Partners

Partners	69
Lenders	70

Chairman's Statements



Mr. CHREUK Phally
Chairman of Boards of Directors

According to the World Bank forecast, Cambodia's Economic growth in 2020 was projected to decrease around 2%. The main reason of the decrease was majorly from the global impact of COVID-19 pandemic. With the bad situation, huge amount of workers lost their jobs, consumer demands of products and materials were decreased which disrupted business operation both local and global countries especially in Tourism sector. Those impacts made lost confidants of Investors in Business expansions.

The major factors to stimulate the Cambodia's economic growth are included Export-Import, Tourism, and Construction sectors. Unfortunately, the key factors have been in particularly affected by COVID-19, which delayed or stopped the construction process as well as Real Estate Investment from outside investors. Due to the restriction of travelings and tourism lockdowns, Cambodia's international tourism and hospitality sector have collapsed. Moreover, the global impacts affected global supply and demand on garments sector and footwear of Cambodia to be slow down.

Banking and Microfinance sector are very important role which helps Cambodia's Economic Growth. According to the National Bank of Cambodia's Economic and Monetary Statistics by September 2020, showed that there were 52 Commercial Banks, 14 Specialized Banks, 06 Microfinance Deposit Institutions, 75 Microfinance Institutions, 246 Rural Credit Operators, 15 Leasing Companies, 10 Audit Firms, 04 Third Party Processors, 24 Payment Service Providers, 1 Credit Bureau Cambodia, 06 Foreign

Bank Representatives and 2,805 Foreign Exchange Traders. In the same period, as of September 2020, the general currency has increased to 132,613.6 billion Riels, with Net Domestic Assets of the banking sector of 64,552.9 billion Riels, and Net Foreign Assets of the banking sector 68,060.7 billion Riels. Based on the statistics, we notified that there would be more investment from both local and foreign investors in the banking and microfinance sectors in Cambodia.

Even if Cambodia's economic forecast for 2020 will be decreased around 2.00%, but it is going to increase back around 4.00% in 2021, while impact of global COVID-19 pandemic is expected to be decreased; Cambodia's domestic economic activities will be gradually returning back to be normal including domestic travels and tourism. Moreover, with the recent Signature Agreement of Cambodia - China Free Trade Agreement (CCFTA) which will be effective in 2021, both local investment and trading will be better. In addition, the benefits of being a member of the Regional Comprehensive Economic Partnership (RCEP) —the largest free trade area in the world, will urge the Investors to invest in Cambodia in early 2021 onwards.

Because of the impact of the global COVID-19 pandemic in 2020, the Portfolio at Risk (PAR) of financial institutions have remarkably increased, including FUTABA Microfinance Plc.,. However, with the hard time, we could manage Portfolio at Risk (PAR) under 5.00% and Written-Off loan were under 0.30%. These positive results were from full participation of all staffs, especially credit team, who made effort to well manage and solve the issue on time. In line with the long-term vision and expectations of Shareholder, and Board of Directors, we are going to prepare rollover Annual Business Plan to expand our potential market, based on Capital Injection from Shareholder and Borrowing Funds for supporting the client demands for current & future country economic growing.

On behalf of the Board of Directors, I would like to thank to our customers, our Japanese Shareholder, Chief Executive Officer, Assistant Chief Executive Officers, and all staff of FUTABA Microfinance PLC for much contribution and support to implement and achieve of business strategic of the Company. Especially, thank to NBC for always providing support and coordination with our MFI in managing all activities with transparency up to now and in the future.

At the end, we would like to bless you and your family with happiness, wisdom, and be successful in all businesses and works forever.



Mr. CHREUK Phally
Chairman of Boards of Directors

CEO's Messages



Mr. Junichi SASAKI
President, CEO

Dear valuable Customers and Parties concerned,
FUTABA Microfinance Plc., was issued a license of financial institution to start business activities on December 16, 2015 from National Bank of Cambodia. Based on good performance and management as well as our long-term strategic Business plan of FUTABA Microfinance Plc., on December 30, 2019, the National Bank of Cambodia officially issued the Permanent License as Microfinance in lieu of the Three Year- License till then.

As of December 31, 2020, we have been operating 4 Branches in Phnom Penh City & Province: Head Office Branch, Khan Tuol Kouk, Khan Pur Senchey and Chbar Morn Branch with 800 active clients and gross loan portfolio \$ 14,409,219 under 19 Credit Officers.

In 2020, the global pandemic of COVID-19 impacted on economies around the world including Cambodia. This impact led to increase of Portfolio at Risk to 4.80% and Written Off loan to 0.27%.

Although, FUTABA has not yet enlarge branches with the whole country, our Vision is to become one among the premier leading Financing Institutions in the Kingdom of Cambodia, to contribute to the sustainable Society Development and Stable Economic Growth for both current & Next Generation

throughout stabilizing and transparency of Financing Markets and Long-Term Strategic Business Plan for expanding operational areas in other provinces, which is our sincere wishing as well as our goal.

In alignment with the long-term vision and positive expectations of the progressive financial market demand in Cambodia, FUTABA Microfinance Plc., is still implementing its Long-Term and Strategic Business Plan to expand the potential market scope and to response to client demands with the fast growing of Countries' Economics.

To respond to our customers' need, FUTABA Microfinance Plc., has developed various kinds of Financial Product such as Business Loan, Agriculture Loan, Housing Loan, Consumption Loan, Staff loan, Education Loan, and Employee Loan. The Staff Loan and Education Loan are offered with a very low Interest Rate with the best service, for contributing in socially enhancing, staff living conditions and human resources development. FUTABA Microfinance Plc., is going to develop various kinds of services for solving financial requirement for our existing and future customers.

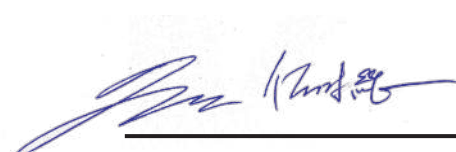
In the meant time, FUTABA Microfinance Plc., is also strengthening its Internal Controlling System to enhance operational process focused on Skill Training to Staffs, Structure Revising, and updated Policies & Procedures for fully comply with Laws & regulations of National Bank of Cambodia & relevant Ministries.

In 2021, the impact of the global COVID-19 pandemic is predicted to be decreased, which Cambodia's Economic and World will be expected to be better. Moreover, we do believe that our Institution is the PATHWAY for Cambodian Next Generation, which should be materialized based on our Fair and Transparency of Financial Services. FUTABA Microfinance Plc., was funded by a Single Shareholder from Japan for our esteemed Customers.

"Dreams come true", we are pleased and welcome to provide warmed and confident financial services to our esteemed customer everywhere every time.

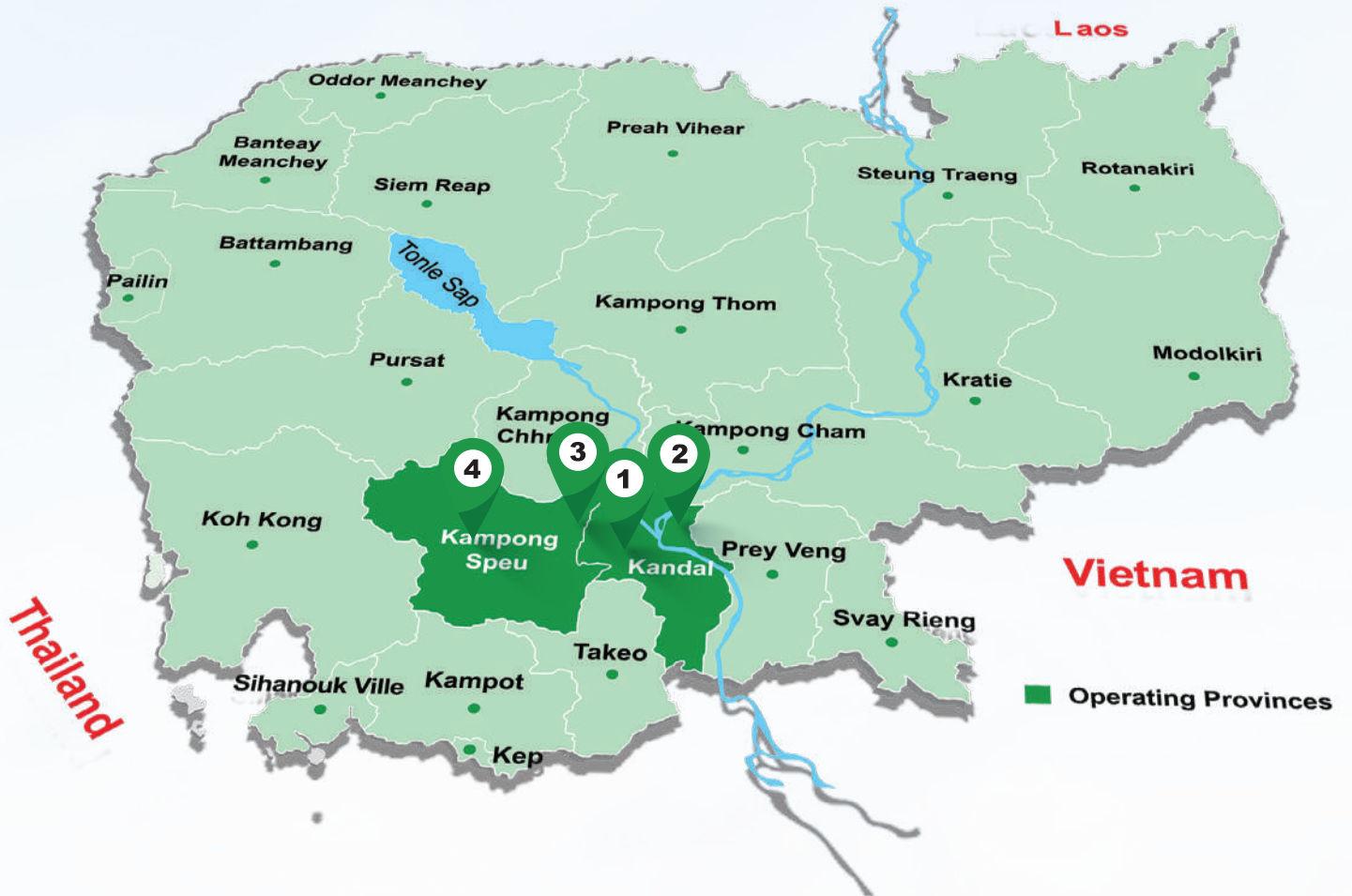
Finally, on behalf of FUTABA Management, I would like to thank to our customers, Japanese Shareholder, Board of Directors (BoD), Assistant CEOs, and all staffs for their supporting and effort making in implementing the FUTABA's strategies, as well as National Bank of Cambodia for always collaborating and supporting us.

May DREAM COME TRUE!



Mr. Junichi SASAKI
President, CEO

Map of Business Operation Areas



1**Head Office & Branch**

📍 #795, Preah Monivong Blvd, Sangkat Boeng Trabaek, Khan Chamkar
Mon, Phnom Penh, Cambodia.

☎ (855) 23 224 333 / (855) 070 312 333

2**Tuol Kouk Branch**

📍 #25, Street 598, Phum 1, Sangkat Boeng Kak 2, Khan Tuol Kouk,
Phnom Penh, Cambodia.

☎ (855) 70 317 333

3**Pur Senchey Branch**

📍 #78Kor, National Road 4, Prey Svay Village, Sangkat Chaom Chau 3,
Khan Pur Senchey, Phnom Penh, Cambodia.

☎ (855) 70 316 333

4**Krong Chbar Mon Branch**

📍 #4, National Road 4, Sambuor Village, Sangkat Chbar Mon, Krong Chbar
Mon, Kampong Speu Province, Cambodia.

☎ (855) 70 314 333

Operation Highlight

Description	As at 31 Dec, 2020 (Audited), (in USD)
Distribution Networks	4
Total Staff	77
Total Credit Officers	19
Operating Provinces	11
Operating Districts	42
Operating Communes	159
Operating Villages	365
Total Active Borrowers	800
Total Loan Outstanding (in USD)	14,409,219
Portfolio at Risk (PAR%)	4.80%
Total Loan Outstanding Per Credit Officer (in USD)	758,380
Total Loan Outstanding Per Staff (in USD)	187,133
Average Loan Size (in USD)	18,012
Total Asset (in USD)	15,124,346

Financial Highlight

Balance Sheet

As at
31 Dec, 2020 (Audited), (in USD)

Assets

Cash and Cash in Bank	647,477
Loan Receivable (Net)	14,238,959
Property and Equipment (Net)	107,068
Other Assests	130,842
Total Assests	15,124,346

Liabilities

Other Liabilities and Provision	1,541,549
Long and Short Term Borrowings	5,530,513
Total Liabilities	7,072,062

Equity

Shareholder Equity	8,052,284
Total Liability and Equity	15,124,346

Income and Expense

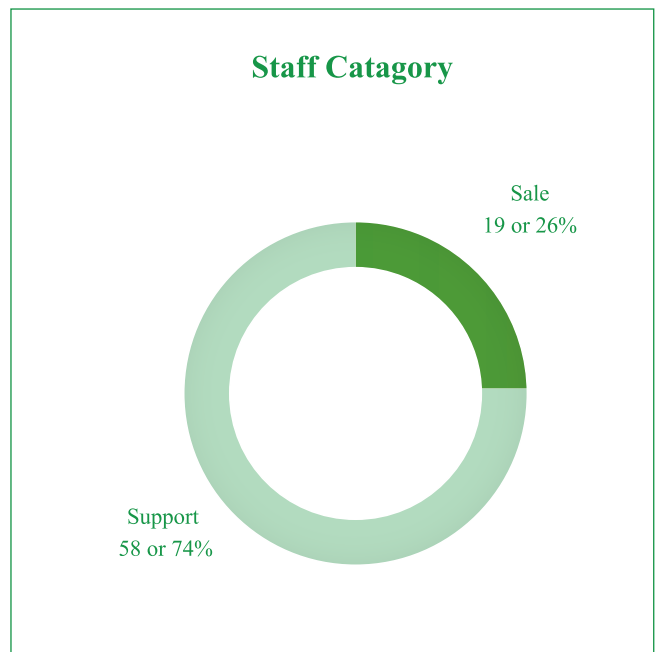
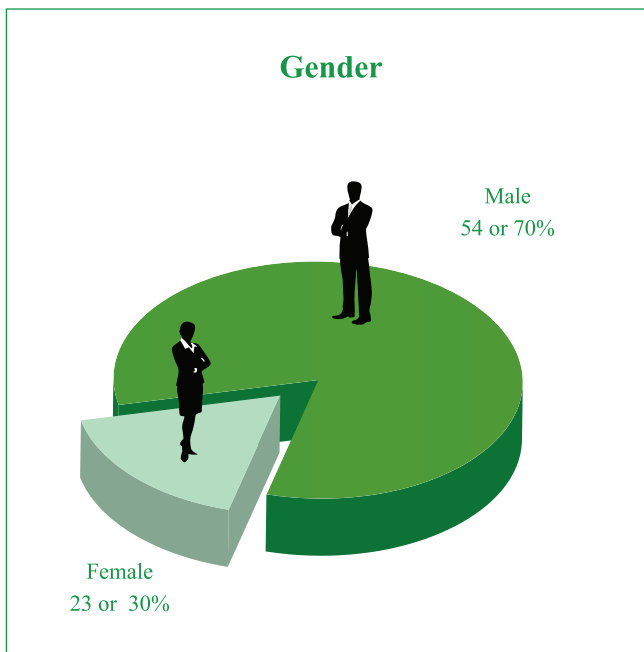
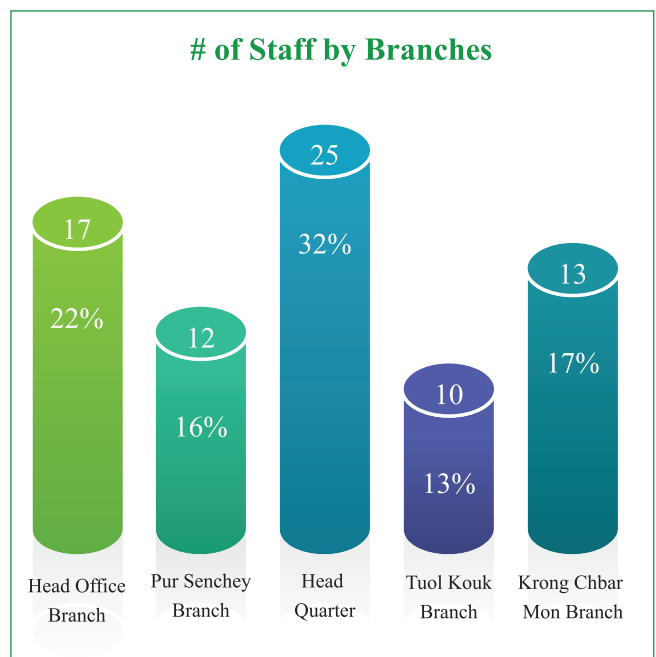
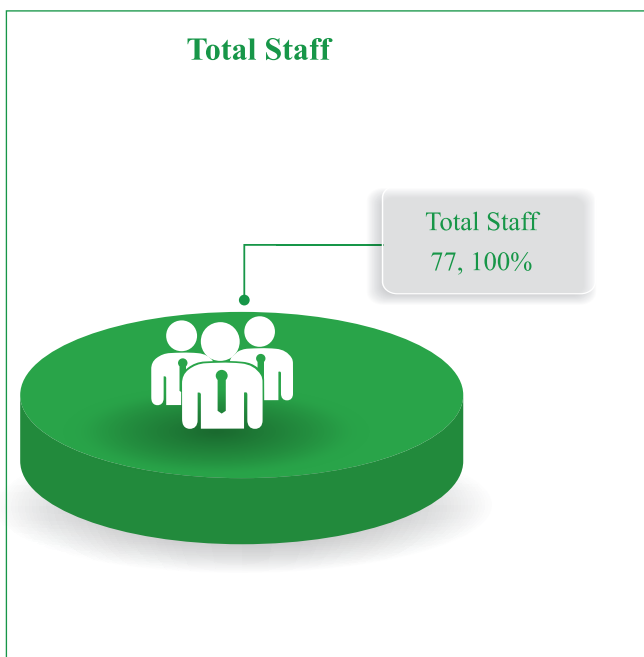
As at
31 Dec, 2020 (Audited), (in USD)

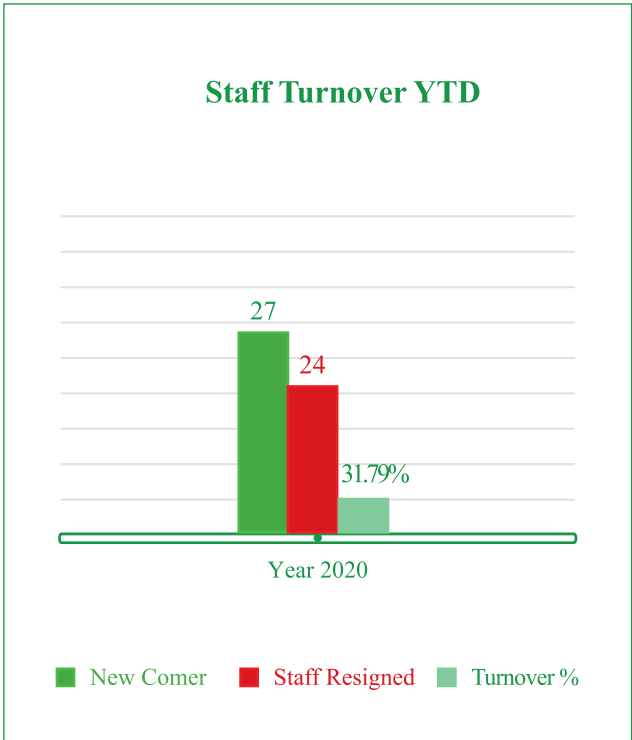
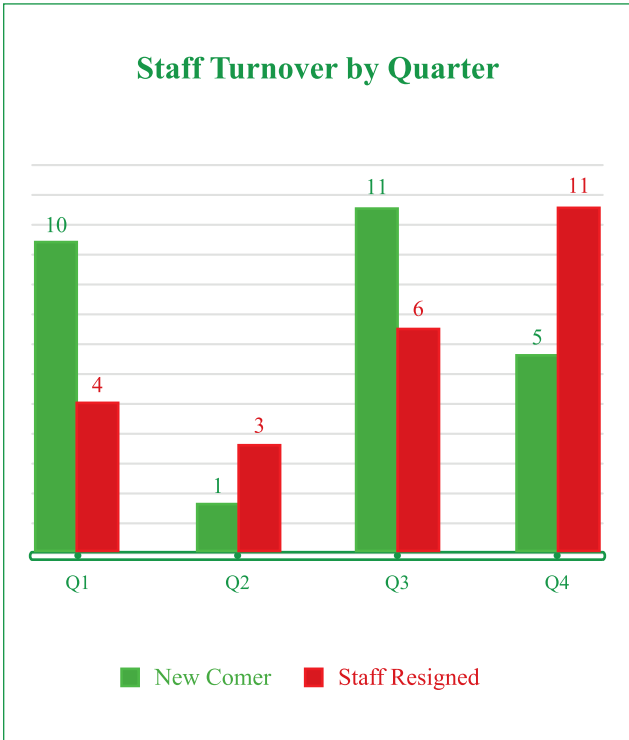
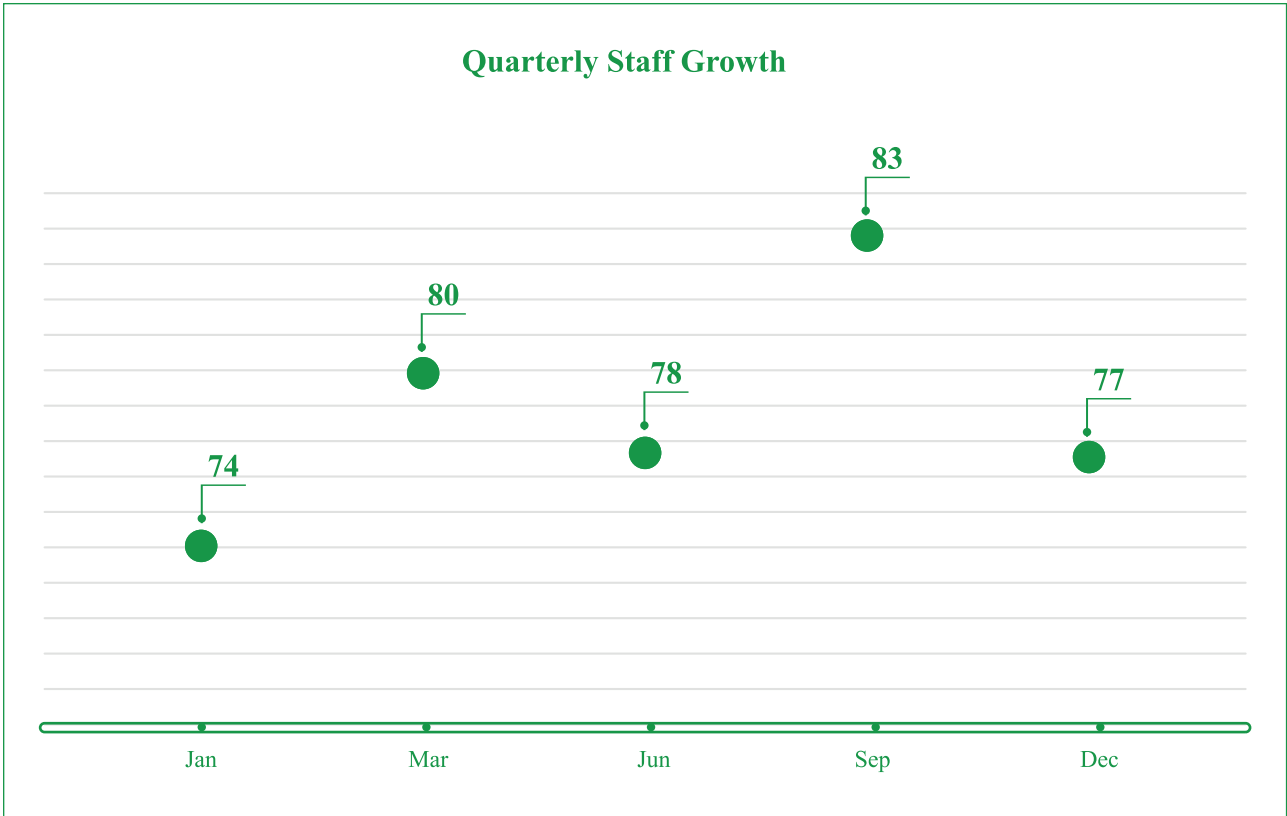
Interests and Fee Income	1,823,069
Operating Expenses	1,346,007
Profit After Tax	477,062

Human Resource Highlight

As of December 31, 2020, the number of total staff of FUTABA Microfinance Plc. has 77 (54 Male and 23 Female). Therefore, if compared to 2019, the number of total staff has increasing of 3 staffs.

Below is summary information about FUTABA's staff:

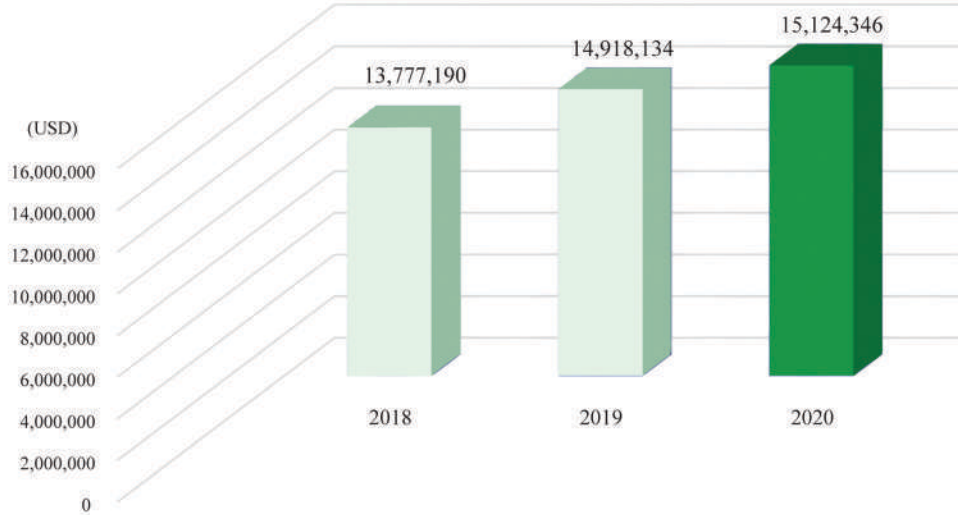




◆ Key Performance Highlight

Description	2018	2019	2020
Total Assets	13,777,190	14,918,134	15,124,346
Gross Loan Portfolio	12,804,808	13,540,491	14,409,219
Equity	7,110,406	7,575,222	8,052,284
Net Income	580,389	464,816	477,062
Number of Active Borrowers	780	819	800
Number of Offices	4	4	4
Operating Expense / Loan Portfolio	8%	9%	8%
PAR >30 Days	-	-	4.80%
Gross Write-Offs	-	-	38,354
Capital Adequacy Ratio	53%	52%	55%
Return on Assets	4%	3%	3%
Return on Equity	8%	6%	6%

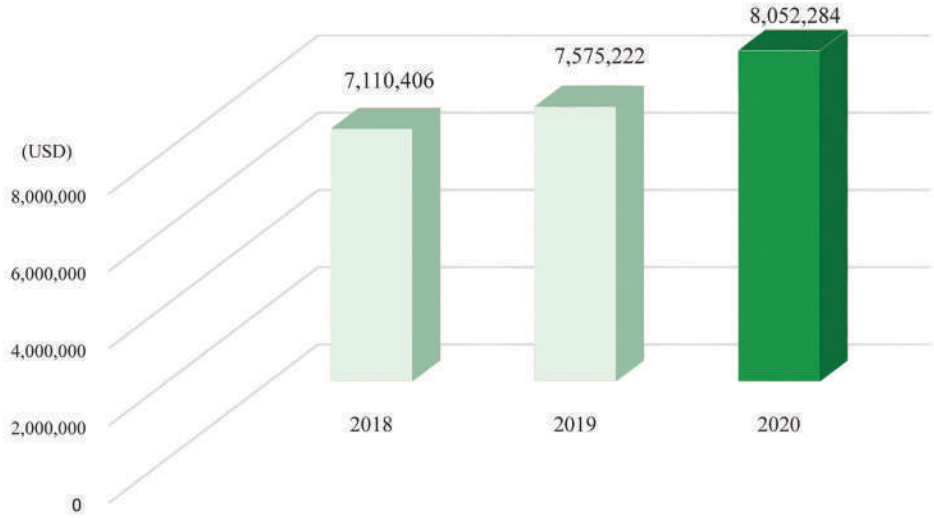
Total Assets



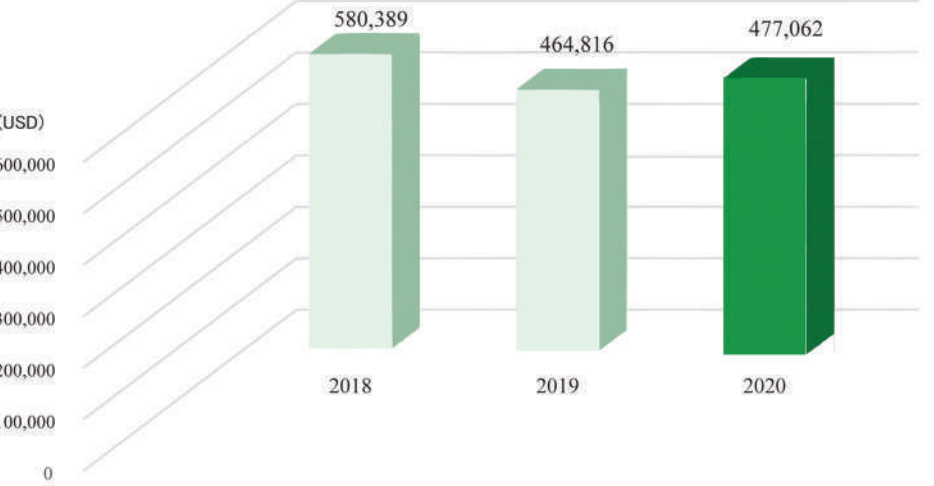
Gross Loan Portfolio



Equity



Net Income







About FUTABA

- Brief Overview of FUTABA
- History of FUTABA
- Vision Mission & Core Value
- Branding of FUTABA

ANNIVERSARY CELEBRATION

5 Years

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Brief Overview of FUTABA

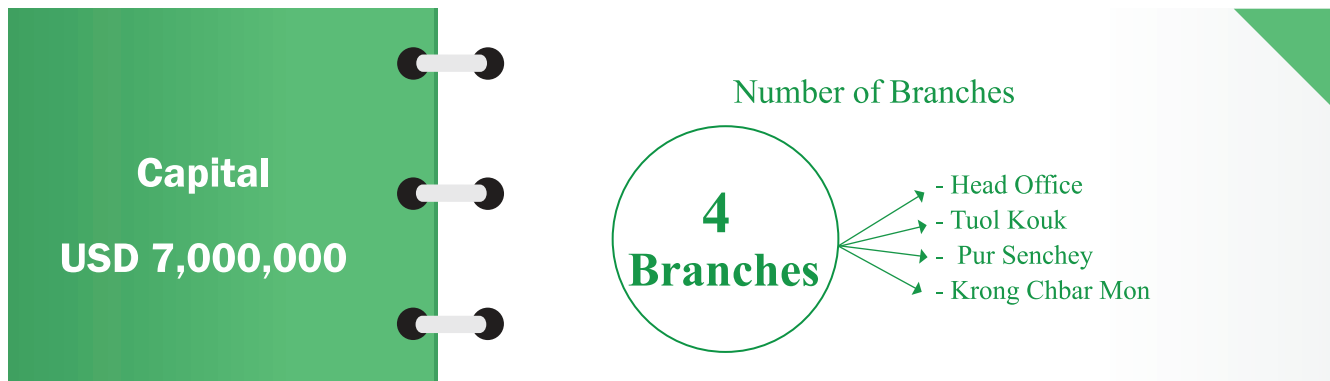
FUTABA Microfinance Plc., started its operation in late 2015, which has received MFI license on Dec. 16, 2015 from the National Bank of Cambodia under its clearly mission and vision to become a leading microfinance institution in Cambodia. On October 22, 2018, the National Bank granted permission to extend the license to FUTABA for 3 years more. Later on, seeing the effectiveness of credit performance management and implementing on the shortcomings as the recommendation of inspection report of the National Bank of Cambodia, on December 30, 2019, the National Bank of Cambodia decided to grant a permanent business license to FUTABA. Since 2016, AZUMA & Co., Ltd. (Japanese company) has also become a shareholder holding a 100% shares in FUTABA.

As of December 31, 2020, FUTABA has a total of 77 staffs, 23 females and 54 males are working at Head Quarter and 04 branches including Head Office Branch, Khan Tuol Kouk Branch, Khan Pur Senchey Branch and Krong Chbar Mon Branch with 800 clients whose are receiving loan, and loan portfolio of \$ 14,409,219 under 19 Credit Officers, which has a small increased, but FUTABA has still continued its positive and sustained growth in the future. Especially during the last 4 years from 2016 to 2019, we have maintained the Portfolio at Risk at 0.46% and Loan Written-Off at 0%, which is the good result on credit management in each year. In particular, for 2020, there will be an increase of Portfolio at Risk up to 4.80% and Loan Written-Off at 0.27% due to the impact of the spread of Covid-19 virus. In this situation, FUTABA has been providing restructuring loans to customers at 6.40% of the total customers and 7.70% of the total loan portfolio.

As for the financial statements, we see that FUTABA took over one year to realize its net profit since 2017, and significantly affected by the Covid-19 virus, however our net profit at the end of 2020 was \$477,062 which is a good financial performance in a difficult situation and the institution is still continuing its positive operations.

It is a part of supporting the education development and staff living conditions, FUTABA also provides the lowest interest rate on the Education Loan and Staff Loan, with the main goal of the Board of Directors and Shareholder in keeping with a long-term vision and positive perspective situation on the financial market progression in Cambodia. FUTABA will continue performing its long-term strategic plan and master plan to extend its potential coverage to a broadly market scope and responding to the customer's demand and the growth of a country current and in the future.

History of FUTABA



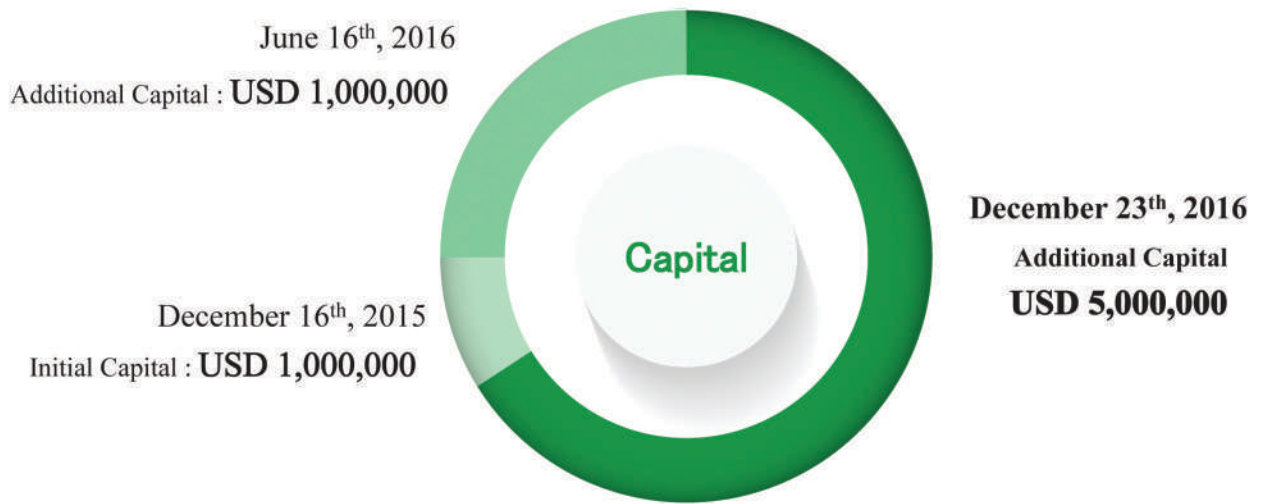
FUTABA Microfinance Plc, has been established in the purposes and dreams of a shareholder. Throughout the initiatives, as well as a strong commitment, the shareholder has overcome all obstacles, and finally received the official business operating license from The National Bank of Cambodia, No M.F-64, issued on December 16, 2015.

At the beginning of 2016, FUTABA started its business operation with the only initial capital of USD 1,000,000. However, with the strong support from customers, it was showing that FUTABA got a great successful achievement. Meanwhile, since 2016, AZUMA & Co., Ltd., has become a shareholder of FUTABA Microfinance Plc, AZUMA & Co., Ltd., a Japanese Company, has parallel concept in supporting and improving living standard of Cambodian people, especially to contribute developing new generations by providing highly effective financial service with quality, consistency, and transparency of the market.

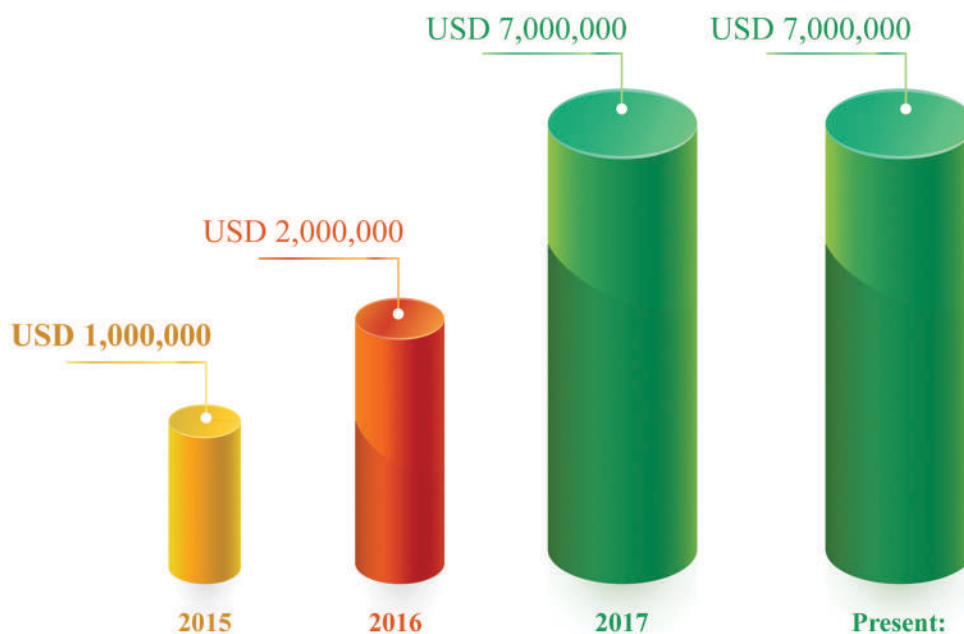
With the long-term perspective and the expectation the positive progress of the financial market in Cambodia, FUTABA Microfinance Plc, will continue implementing its strategic plan in order to achieve the need and dream of the shareholder. Having seen its growing, FUTABA Microfinance Plc, launched 3 new branches more by the end of 2016 in order to strengthen and enhance its potential strength on a widely market, and to serve the growth of loan demand from the local area customers. The 3 branches were approved the official business operation license from the National Bank of Cambodia on September 20, 2016. In view of the positive implementation and management as well as the long-term strategic plan in the future, the National Bank of Cambodia granted permission to extend the license to FUTABA for 3 years more on October 22, 2018 and on December 30, 2019, the National Bank of Cambodia decided

to grant a permanent business license to FUTABA. We see that the FUTABA did not more injection capital and expand its operations from 2017 to 2020, as FUTABA maintains its strategy of strengthening the system of internal control and increasing the skills of its staff, especially to maintain its best performance in the context of the spread of Covid-19 virus.

In the meantime, FUTABA Microfinance Plc, was successful in subsequent capital injection as the following:



Capital Increasing



Vision & Mission



Vision

To be a leading financial institution in Cambodia achieving great impact on improving living standard for current and new generations.



Mission


To offer the most reliable Financing Services to Medium, Small and Micro - Enterprises and Individuals by creating sustainable market to support current and succeeding generation and social performance to achieve their goal with better life in the future.

Core Values



Branding of FUTABA

Symbol and Meaning

The Symbol  is referred to the small **BUD** which just came out from the ground.

This small **BUD** can grow up to the **GIANT TREE** in near future, based on our honest and hard works together with a kind back-up from the fair Supporters.

Namely, we, **FUTABA** Microfinance Plc. as a small Financing Institution, have just started our activity in the Financing Sector in the Kingdom of Cambodia. And we can grow up in near future to be a leading **BANK** in the Kingdom of Cambodia, to provide the Financing Services of a very high quality to the users in order to assure the steady and bright futures to all the users of **FUTABA** Microfinance Plc./ **FUTABA** Bank, as if the small **BUD** can grow up to the **GIANT TREE** in due course.

How fast we can grow up to the **GIANT TREE** totally depends on how hard each of the Members of **FUTABA** Microfinance Plc. will work with full sincerity, also depends on how big support could be provided to us from our beloved Customers.

Color

Green Color in the **BUD**, refers to the respect we pay to the Environment, the Harmony among the Economic Growth and the Safe Environment for the Current and the Next Generation.

Slogan

Dreams Come True



Congratulations





Corporate Governance

- Shareholder and Capital
- Organization Chart
- Board of Directors
- Management Teams

ANNIVERSARY CELEBRATION

5 Years

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2016 – 2020

Shareholder & Capital

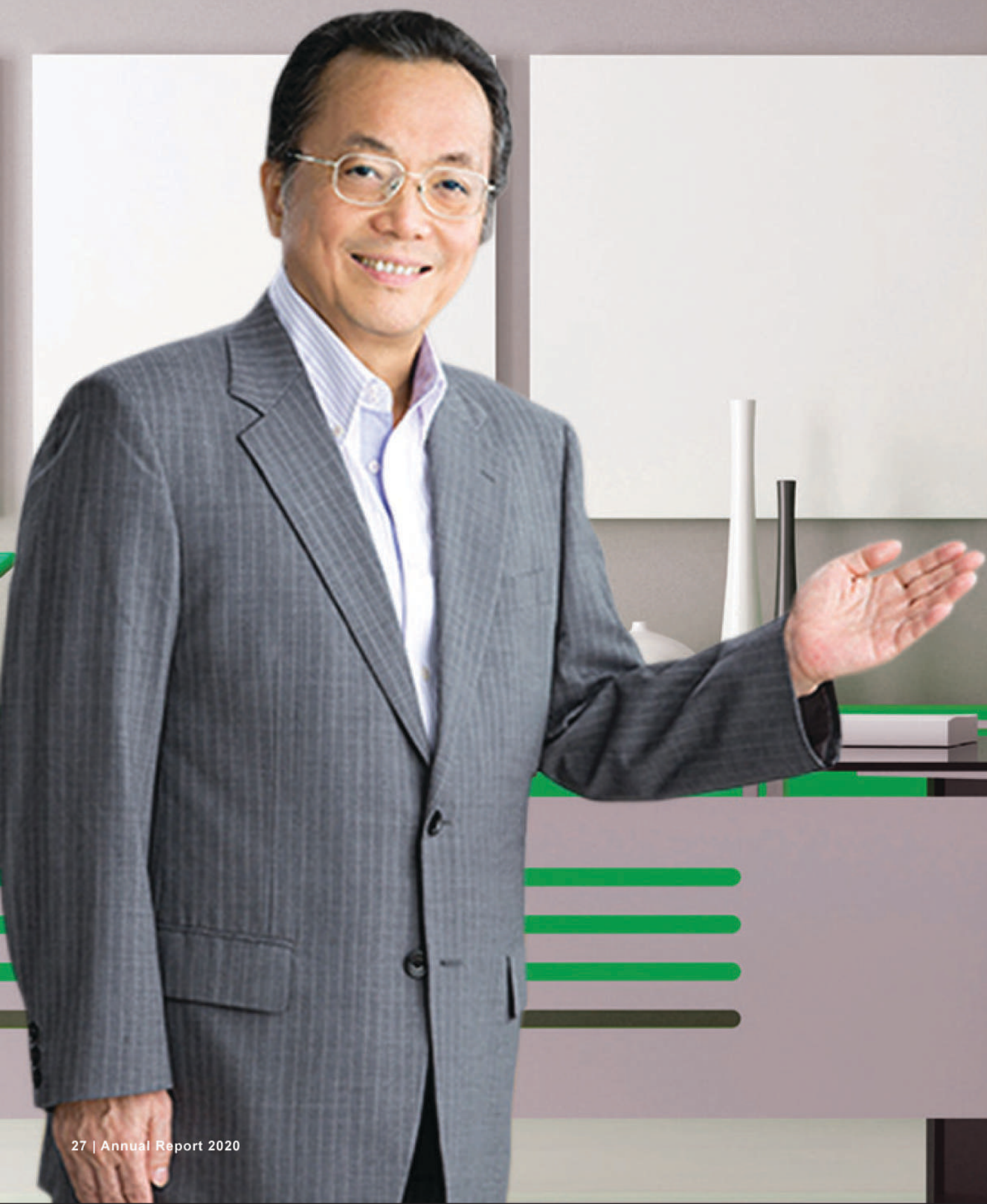


Mr. Yosuke SASAKI
Representing the Shareholder

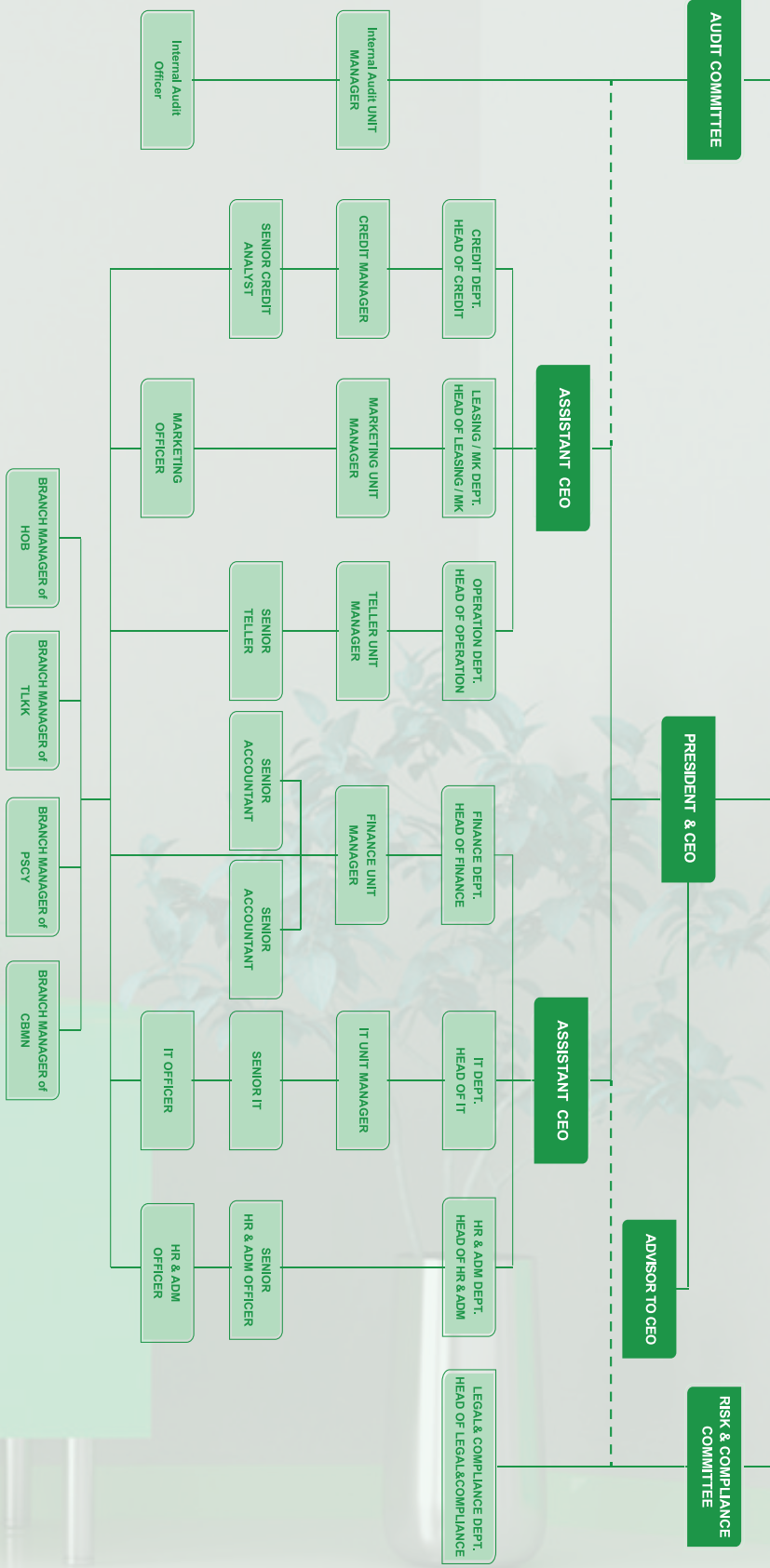
AZUMA & Co.,Ltd. as 100% Share-holder of FUTABA Microfinance Plc., hereby express our keen eagerness to contribute to the Eradication of the Poverty in our beloved Country, the Kingdom of Cambodia.

AZUMA & Co.,Ltd. as pure Japanese Enterprise are 100% owned by myself, Yosuke SASAKI, a Japanese citizen, who act as the President of AZUMA & Co.,Ltd.

It is a great honor for us AZUMA & Co.,Ltd. in case we could be a little bit of helping in supporting and bringing up the Next Generation, also in improving the Standard of Livings in our beloved Country, the Kingdom of Cambodia, based on our very Transparent, Effective and Long-lasting Financing Services through our FUTABA Microfinance Plc..



Organization Chart



Board of Directors



Mr. CHREUK Phally
Chairman of Board of Director

Mr. CHREUK Phally, Cambodian, was born in 1981 in Phnom Penh. He has been appointed to be a Board Member of Futaba Microfinance Plc., since July, 2015 and then he was appointed to be Chairman of Board of Directors on 22 July, 2016. He has more than 16 years of experience in the field of Management, 5 years of which he served as Marketing Manager at Futaba Co., Ltd. In 2007, he was promoted to General Manager, and serves in this capacity to-date. He obtained his Bachelor's Degree of Business Administration from Norton University.



Mr. Yosuke SASAKI
Board of Director

Mr. Yosuke SASAKI, Japanese, was born in 1983 in KANAGAWA. He was appointed to be a member of Board of Directors on 22 July, 2016. Mr. Yosuke SASAKI is the 100% shareholder of FUTABA Microfinance Plc, who owns and represents as President of AZUMA & Co., Ltd in Japan. AZUMA & Co., Ltd is the Japanese Company which has the parallel concept to support standard living to Cambodian people, especially to contribute to develop new generation by providing financial service with high quality, stability, and transparency of market trend.



Mr. Junichi SASAKI
Board of Director

Mr. Junichi SASAKI, Japanese, was born in 1949 in KANAGAWA. He was appointed to be a member of Board of Directors on 18 August, 2017. Mr. Junichi SASAKI graduated from Tokyo University in 1975, and he is currently active as President and 100% shareholder of FutureBud International Co., Ltd, Japan.



Mr. Hamada MOTOO
Independent Board of Director

Mr. Hamada MOTOO, Japanese, was born in 1948 in KANAGAWA. He was appointed to be a board member as Independent Board of Director on 14 March, 2019. He graduated of B.A. in Economics from Kobe University of Commerce (Kobe College of Economics) in 1970. He has more than 15 years of experience in overseas investments, 20 years for managing affiliated companies in overseas and 5 years for consulting and assisting overseas project of Small & Medium-sized companies.



Mr. NGET Sovannaro
Independent Board of Director

Mr. NGET Sovannaro, Cambodian, was born in 1959 in Takeo province, Cambodia. He was appointed to be a board member as Independent Board of Director on 14 March, 2019. He graduated in Master in Agronomie from Moscow People's Friendship University of Scholarship Master Scholar awarded by Russia Government in 1987. He has more than 25 years of experience since 1992 in Accounting Manager, and 8 years in Deputy Inspector General of Ministry of Planning.

Management Teams



Mr. Junichi SASAKI
Chief Executive Officer

Mr. Junichi SASAKI graduated from Tokyo University on 1975, is currently active as President and 100% shareholder of FutureBud International Co., Ltd, Japan.



Ph.D. CHAP Ratana
Advisor to CEO

Ph.D. CHAP RATANA started his career with FUTABA Microfinance Plc. as Local Financial Adviser in January 2015, then he was appointed to be Deputy Chief Executive Officer in late 2015. He earned Master Degree in Business Administration and Ph.D. Degree in Educational Administration at Build Bright University (BBU). He has over 25-years working experience as an Interpreter, Administrator, Project Manager and a Local Adviser with all corporate levels of Line - Ministries, Provincial Levels, Development Partners, UN, IO, NGO, Private Sectors in the fields of National Strategic Development Plan, Financial, Statistics, Education, M&E, Health based UNTAC, WHO-Ministry of Health, and UN-Ministry of Planning. Lastly, in January 2017, He was promoted to be Advisor to CEO.



Mr. PREAP Kandoeng
Assistant CEO

Mr. PREAP Kandoeng earned Master Degree of Business specialize in Finance from Charles Sturt University, Australia, and Bachelor's Degree in Business Administration, specialize in Accounting at National University of Management. He has years of working experiences at all corporate levels, educational background and continuous professional development. Before joining FUTABA, he had many years of experience in the field of Accounting Management, Accounting Technical Advisor, Banking and Finance Management and Head of Finance Department position of other MFI. He joined FUTABA Micro-finance PLC., as Head of Finance Department in 2015. Then, he was promoted as ACEO, in charge mainly of difference types of departments including Finance Department, IT Department, and HR & Administration Department, starting from July 1st, 2016.



Mr. UM Piseth
Assistant CEO

Mr. UM Piseth started his career with FUTABA Microfinance Plc. as Head of Credit Department in late 2015, then he was promoted to be an ACEO in July, 2016. He is now in charge of three departments, Credit Department, Marketing Department, and Operation Department. In the background, he obtained Bachelor Degree in the field of General Management from Royal University of Law and Economics, and held Diploma of Intensive English Academic of Purpose from Paññasatra University of Cambodia. He has attended numerous Training Courses, Workshops and conferences, which was related to Property Development Sector, and Banking & Microfinance Sectors as well. He has spent over 16 years of practical experience in Various Positions in Microfinances such as Branch Officer, Branch Manager, Regional Manager, Operation Manager, Head of Marketing & Communication Department, Credit Manager, and Head of Credit Department. He also used to work with Telecom Companies for over 3 years.



Mr. LIM Sombo
Head of HR & Admin Dept.

Mr. LIM Sombo was born in June, 1981. He joined FUTABA in November, 2015 as Head of Marketing Department. After working for 2 years, he has been appointed as Head of HR & Admin Department since November, 2017. He is responsible for managing, monitoring, and developing policies - procedures related to HR and Admin of FUTABA. Prior starting the career with FUTABA, he had over 14-years work experience with two major banks including regional foreign bank and local bank, which were the largest of branch networks. With experiences in banking sectors, He used to handle various positions such as Account Relationship Manager, AVP & Manager of Leasing Unit, AVP & Assistant Manager of Credit and Marketing Unit, and other positions with over 10 years as he mainly involved in front line sale. In 2008, he graduated Bachelor Degree from Build Bright University in the field of Finance and Banking.



Mr. KUNG Sarath
Head of IT Dept.

Mr. KUNG Sarath, Cambodian, graduated with his Master's degree in Management in 2011 included two other major fields, Information Technology and English Literature. In professional background, he was an IT Manager who handled and led IT Department Division in one among the largest commercial bank in Cambodia. He gained hands-on experience in Core-Banking System, Card System, and SWIFT System with various kinds of Technical Skills such as defining system work flow and process, secured banking network infrastructure, and policy maker. In early 2016, he joined FUTABA Microfinance Plc, as Deputy Head of IT, and six months later he was promoted to be Head of IT. He has initiated and set up Network Infrastructure for Production and DR Data Centre site, and IT Policy as well as IS Policy for FUTABA Microfinance Plc since first established. He got over 10-year experience in Banking and Financial Sector.



Mr. PHON Sothea
Head of Credit Dept.

Mr. PHON Sothea has joined FUTABA as Head of Credit Department since July 1, 2017. Before joining FUTABA, he worked as Head Operations Department in a medium-sized microfinance institution in Cambodia for seven years from 2010 to mid-2017. Between 2004 and 2010, Mr. Sothea worked for a medium microfinance with his first career as an assistant to Finance/Admin Department, then he was promoted step-by-step to be a great Branch Manager in that institution. he holds Master Degree in management development, graduated from Norton University in 2011, and Bachelor Degree in Management Information System from National University of Management in 2004. Mr. Sothea has had extremely practices and experiences over 14 years in various positions in Banking and Finance Sectors. Additionally, he attended various training and conference courses in local and international countries related to microfinance sectors, real estates, micro insurances, and other management law works.



Mr. SAR Phearom
Head of Legal & Compliance

Mr. SAR Phearom was jointed as Deputy Head of Legal & Compliance of FUTABA in September 2017. Before joining FUTABA, he worked in Chamroeun MFI in the last position as Head of Risk and Legal Compliance and started with Chamroeun in many positions from Loan Officer in February 2009 and became Internal Audit Officer in February 2010. He was later promoted to Branch Manager in November 2010 and Senior Compliance Officer in June 2012. And then he was promoted to Legal and Compliance Manager in June 2013 and Head of Legal Department in January 2015 then in charge of Head of Risk & Legal Compliance. He has almost 1 year-experience with Feeling Home Hotel as Front Officer and more than 4 year-experiences with World Vision at District as Volunteer. He obtained his Master Degree majoring in Master in Private Law from the Royal University of Law and Economics and holds a Bachelor Degree in Accounting and Financial from Human Resources University. Within his roles and duties, He has spent experiences over 9 years in various position in Banking and Financial Institution sector.



Mrs. BOU Rathna
Head of Finance Dept.

Mrs. BOU Rathna was born in March 28th, 1981 in Phnom Penh. She graduated Bachelor of Business Administration in the field of Finance and Banking from National Institute of Management. On July 01st, 2016, she started her career with FUTABA Microfinance Plc. as a Chief of Accounting Officer. After working for over 3 months, she was promoted to be an Acting Head of Finance Department in October 11st, 2016. She is responsible for managing, monitoring, developing policies, procedures and guidelines, and also cooperation with National Bank of Cambodia, General Department of Taxation, External Auditors, and other stakeholders related to Finance Department. On January 01, 2019, she was promoted to be a Head of Finance Department. Before starting the career with FUTABA Microfinance Plc., she had 8 years work experience as an Accounting Manager at FUTABA Co., Ltd. Since July 15th, 2008 up to now, she has over 10 years work experience in the field of Finance and Accounting.



Mr. CHEA Sopheak
Head of Operation Dept.

Mr. CHEA Sopheak has joined FUTABA as Head of Operation Department since February 11, 2019. Before joining FUTABA, he worked as Operation Manager in microfinance institution in Cambodia for four years from 2014 to 2018. Between 2007 and 2013, Mr. Sopheak worked for a medium microfinance with his first career as an accountant, then he was promoted step-by-step to be a great Provincial Accounting Manager in that institution. Mr. Sopheak holds Bachelor Degree in Finance and accounting at Build Bright University in 2007. He has had extremely practices and experiences over 10 years in various positions in Banking and Finance Sectors. Additionally, he attended various training and conference courses in local related to microfinance sectors, and other management law works.



Mr. HOY Kimheang
Head of Financial Leasing Dept.

Mr. HOY Kimheang joined FUTABA, since July 01, 2020 as the Head of Financial Leasing Department. Before joining FUTABA, he had more than 10 year of experiences in the field financial leasing, microfinance and market and social research with several different organizations such as Research Non - Governmental Organization, Microfinance Institution, Financial Leasing Company, and Payment Services Company. He holds a Master's Degree of Business Administration from Norton University in 2010 and a Bachelor's Degree of Business Economics from the National University of Management in 2005.



Business Performance

- Loan Performance by Sectors
- Loan Performance by Products
- Classifying the Loan Types by Main Categories
- Classifying the Loan Products by Main Categories

ANNIVERSARY CELEBRATION

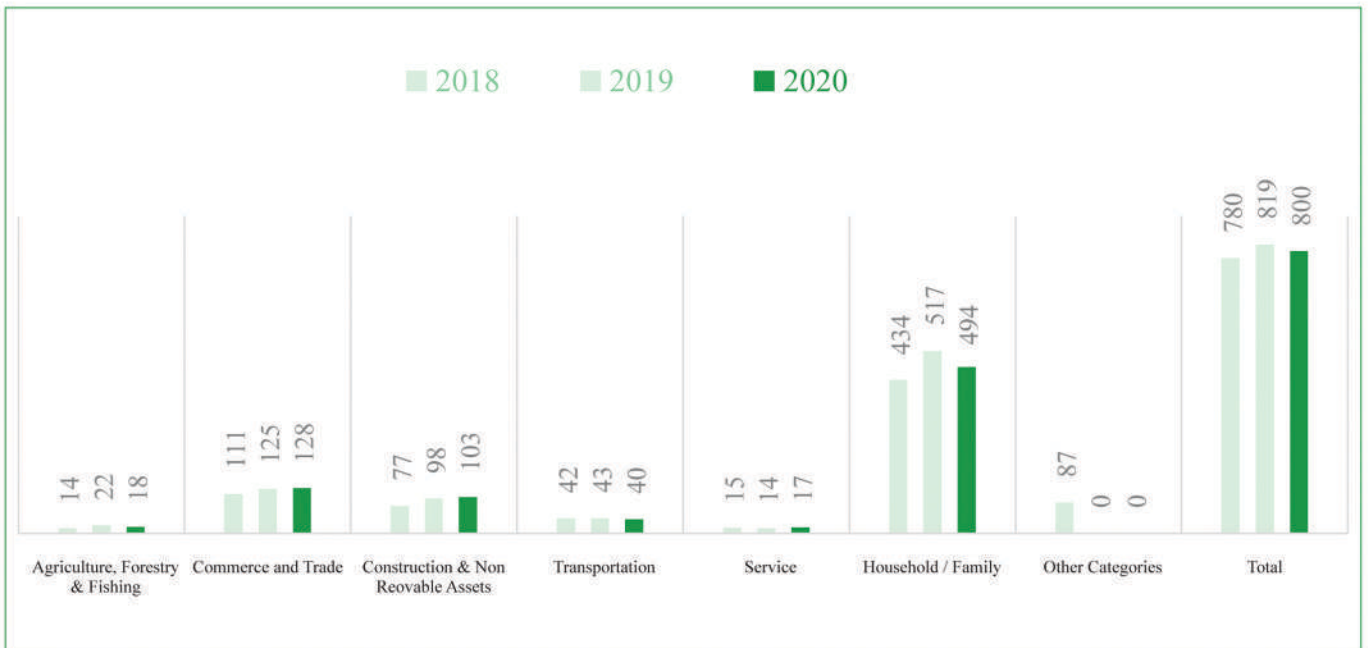
5 Years

Operation
2016 – 2020

Loan Performance by Sectors

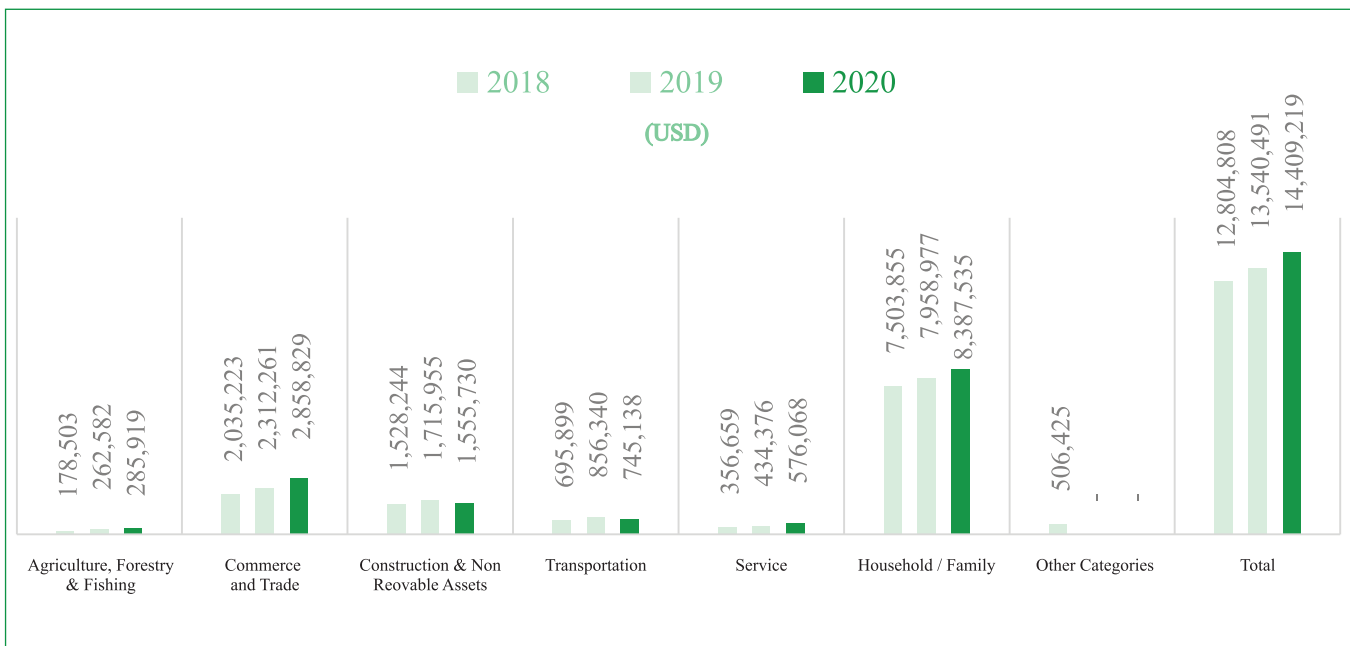
Number of Account

Sector	2018	2019	2020
Agriculture, Forestry & Fishing	14	22	18
Commerce and Trade	111	125	128
Construction and Non Reovable Assets	77	98	103
Transportation	42	43	40
Service	15	14	17
Household / Family	434	517	494
Other Categories	87	-	-
Total	780	819	800



Gross Loan Portfolio

Sector	2018 (USD)	2019 (USD)	2020 (USD)
Agriculture, Forestry & Fishing	178,503	262,582	285,919
Commerce and Trade	2,035,223	2,312,261	2,858,829
Construction and Non Reovable Assets	1,528,244	1,715,955	1,555,730
Transportation	695,899	856,340	745,138
Service	356,659	434,376	576,068
Household / Family	7,503,855	7,958,977	8,387,535
Other Categories	506,425	-	-
Total	12,804,808	13,540,491	14,409,219



Loan Performance by Products

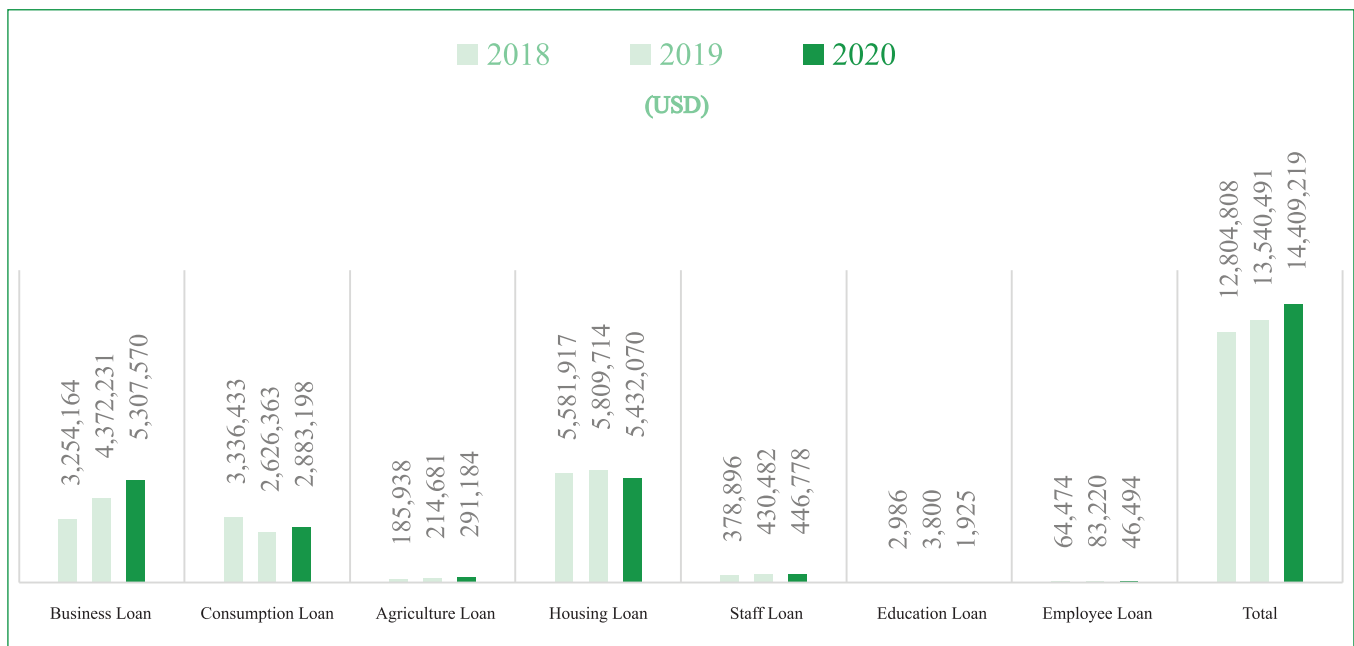
Number of Account

Sector	2018	2019	2020
Business Loan	164	201	225
Consumption Loan	274	245	239
Agriculture Loan	15	21	20
Housing Loan	240	244	233
Staff Loan	50	48	43
Education Loan	6	6	3
Employee Loan	31	54	37
Total	780	819	800



Gross Loan Portfolio

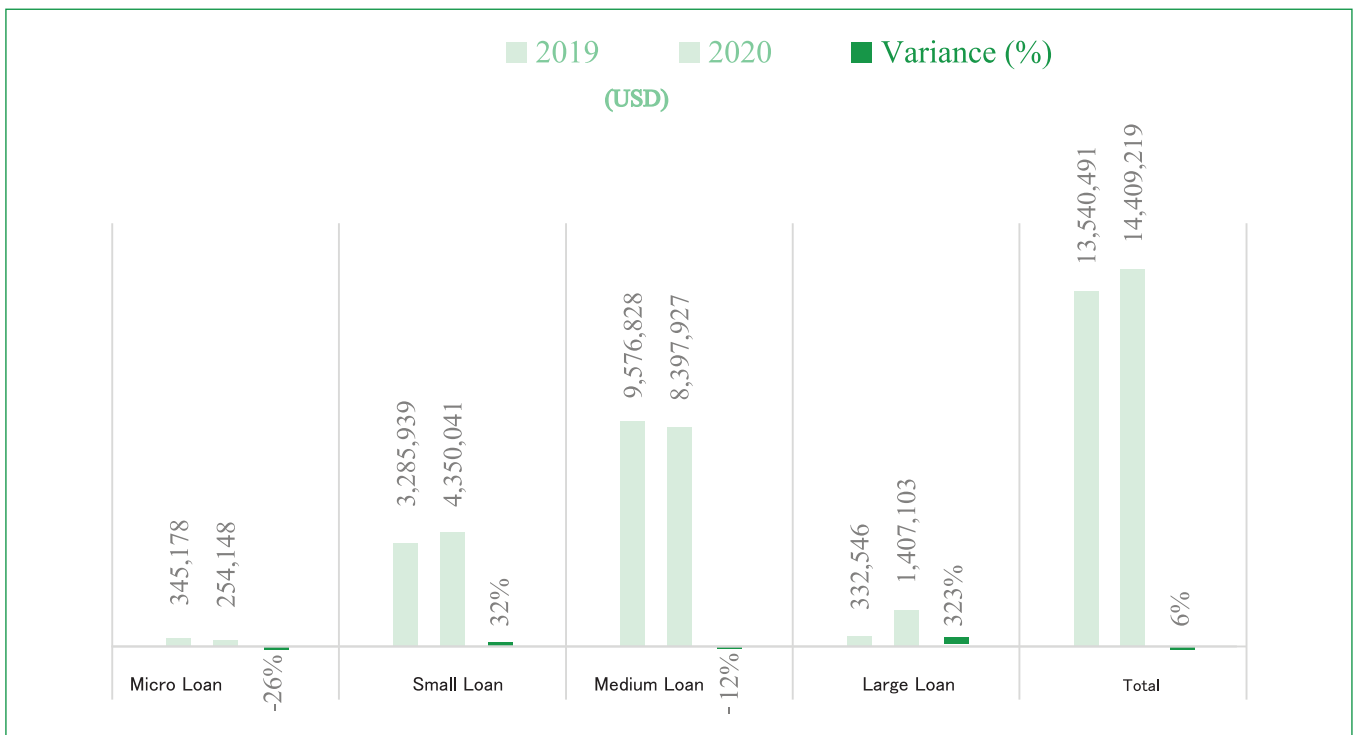
Sector	2018 (USD)	2019 (USD)	2020 (USD)
Business Loan	3,254,164	4,372,231	5,307,570
Consumption Loan	3,336,433	2,626,363	2,883,198
Agriculture Loan	185,938	214,681	291,184
Housing Loan	5,581,917	5,809,714	5,432,070
Staff Loan	378,896	430,482	446,778
Education Loan	2,986	3,800	1,925
Employee Loan	64,474	83,220	46,494
Total	12,804,808	13,540,491	14,409,219



Classifying the Loan Types by Main Categories

Gross Loan Portfolio

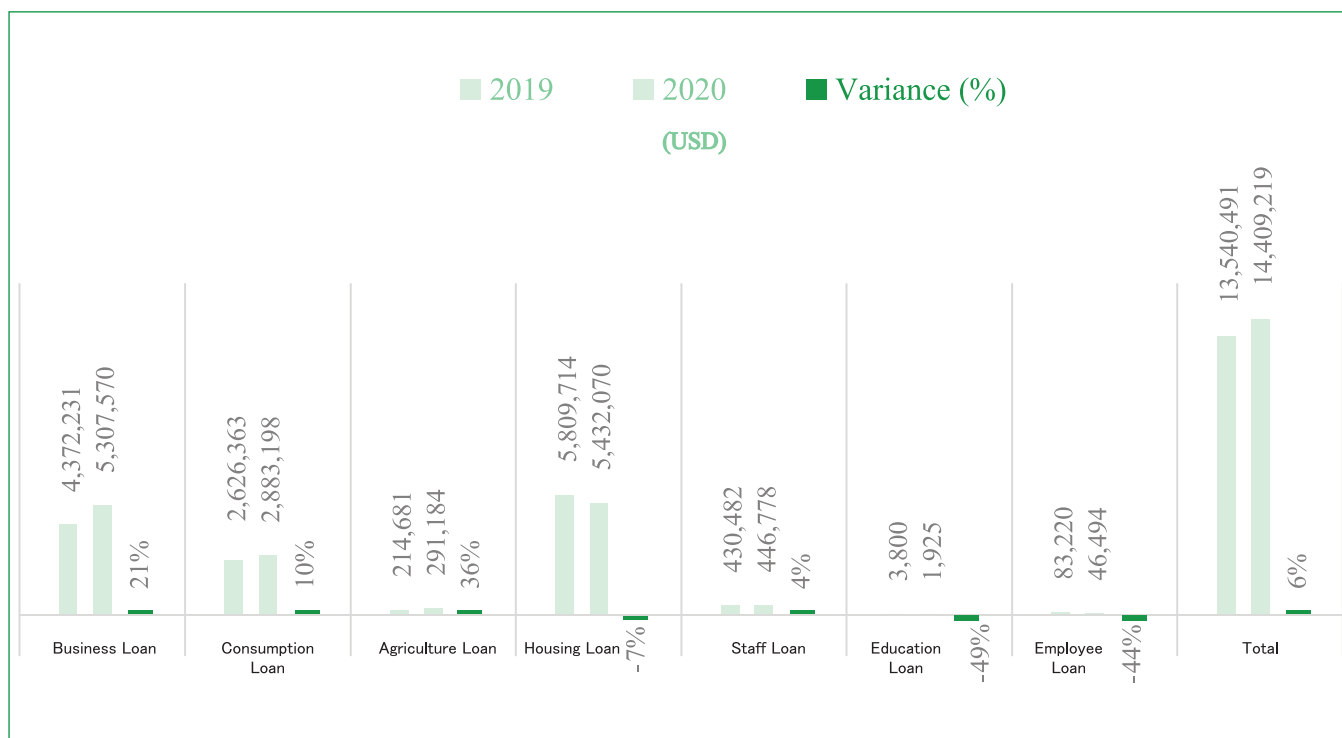
Types	2019 (USD)	2020 (USD)	Variance (%)
Micro Loan	345,178	254,148	-26%
Small Loan	3,285,939	4,350,041	32%
Medium Loan	9,576,828	8,397,927	-12%
Large Loan	332,546	1,407,103	323%
Total	13,540,491	14,409,219	6%

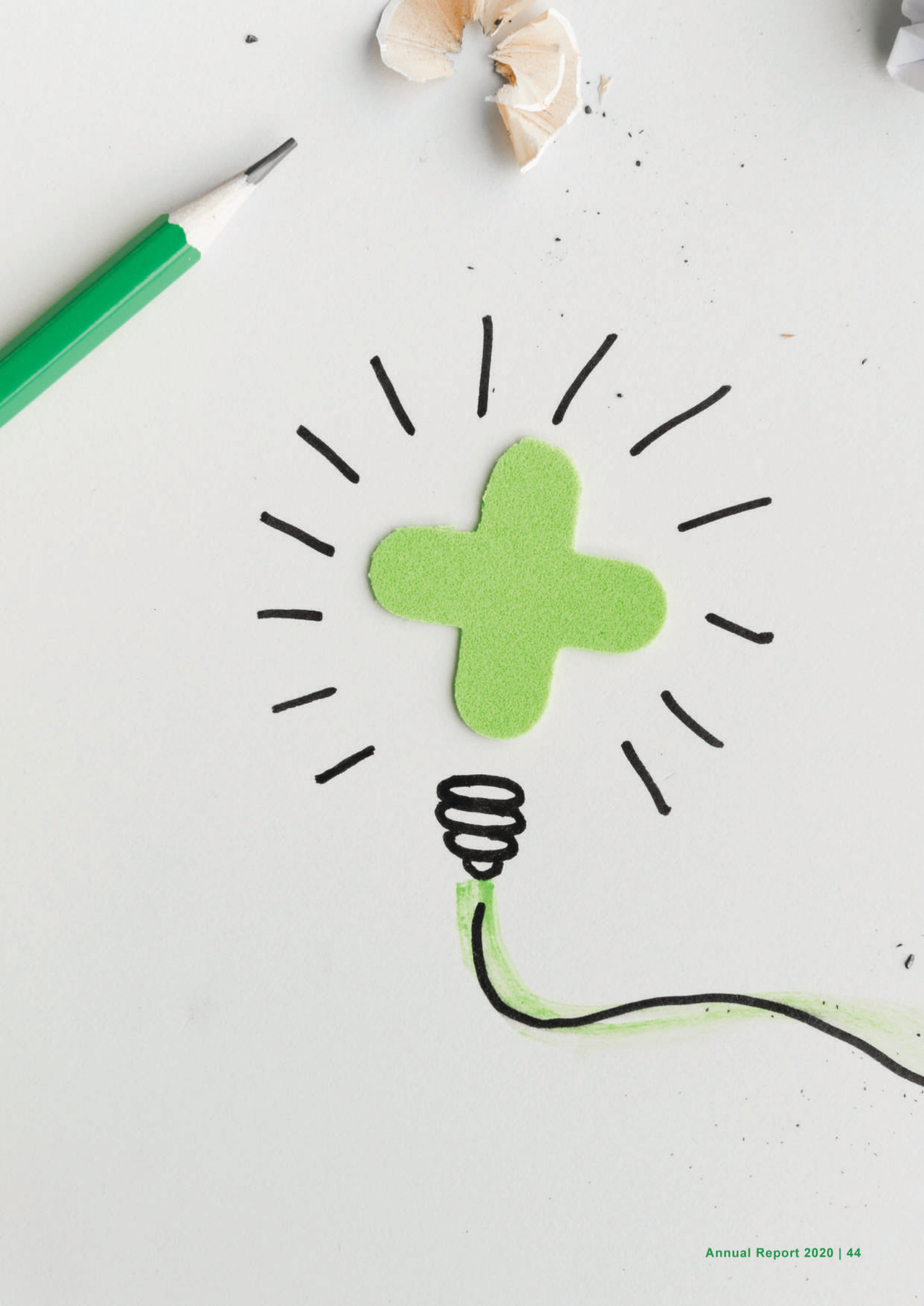


Classifying the Loan Products by Main Categories

Gross Loan Portfolio

Types	2019 (USD)	2020 (USD)	Variance (%)
Business Loans	4,372,231	5,307,570	21%
Consumption Loans	2,626,363	2,883,198	10%
Agriculture Loans	214,681	291,184	36%
Housing Loans	5,809,714	5,432,070	-7%
Staff Loans	430,482	446,778	4%
Education Loans	3,800	1,925	-49%
Employee Loans	83,220	46,494	-44%
Total	13,540,491	14,409,219	6%







Risk Management & Internal Control

- Risk and Compliance Management

- Internal Audit

ANNIVERSARY CELEBRATION

5 Years

Operation
2016 – 2020

Risk and Compliance Management

Regulators, external auditors, and other consultants are also a part of external oversight of the institutional operations, which can show FUTABA Microfinance Plc., with shortcomings, risk arising and help identify which points to be improved. Additionally, Compliance Management continues to strengthen FUTABA's internal control to comply with other laws and regulations of NBC licensing and registration as well as other governmental rules which ensures that FUTABA's business expansion and its operation are fully compliant with Cambodia's laws, rules and regulations in banking and microfinance sectors.

Board of Directors has decided to establish the Legal and Compliance Department which has been in charge in and responsible by Head of Legal and Compliance to ensure that FUTABA's risk occurring and compliance management is taken, by overseeing the internal control in place to identify, assess and manage internal and external risks that could present threats to FUTABA's operation and ensure that practices and procedures are fully complied with laws and regulations. In addition, the department also responsible for monitoring compliance aspect with the internal policies, procedures and guidelines related to compliance, including checking the efficiency on adherence of established policies and liaises internal and external functions in matters of compliance and managing compliance risks. In the process of measurement of qualifications and work experience of the responsible persons in compliance area, the compliant representative was checked and recognized by the National Bank of Cambodia on August 29, 2018. Additionally, the Legal and Compliance Department is responsible for overseeing on Anti-Money Laundering and Combating Financing Terrorism, which is reported and cooperated with the Financial Intelligent Unit of the National Bank of Cambodia.

- Risk and Compliance Committee

FUTABA has formed the Risk and Compliance Committee in board level on November 01st, 2019, chaired by an Independent Board of Director. Head of Legal and Compliance is a coordinator for discussing the reports with all departments or managements and review the adequacy and completeness of the compliance risk analysis which required by laws and regulations. Significant compliance risks are highlight and reported to the Board of Directors for timely compliance and resolution.

- Meeting and Membership

The Risk and Compliance Committee meetings are held at least twice a year, and shall be invited by the Chairman of the committee or members.

The members of this committee shall be at least three members. The member of the Risk and Compliance Committee has composed by persons as:



Mr. NGET Sovannaro
Independent Board of Director
(Chairman)



Mr. YOSUKE SASAKI
Board of Director
(Member)



Mr. JUNICHI SASAKI
CEO/President
(Member)



Mr. PREAP Kandoeng
Assistant CEO
(Invitation)



Mr. UM Piseth
Assistant CEO
(Invitation)



Mr. SAR Phearom
Head of Legal & Compliance Dept.
(Secretary)

- Duties & Responsibilities

- . To review and assure to develop and revise of the procedures and policies on Legal and Compliance in order to effectively monitor and evaluate performance.
- . To review the regular updates assessing performance of the Compliance function required by laws and regulations.
- . Regularly review the internal Compliance Checklist to be identify risk, follow up and take action plan ongoing to manage the risk in a timely and effective manner.
- . To consider and review the Audit Reports finding related to compliance & implement of and the regulatory risks that arise and their implications.
- . Monitoring of effective compliance with Anti-Money Laundering and Combating Financing Terrorism practices with the Financial Intelligence Unit of National Bank of Cambodia.
- . To assurance of necessary training is provided to all staffs and ensure a compliance aware culture including the aware of AML/CFT measures within institution.
- . Review and assure to develop and revise of the procedures and policies on Risk Management Framework in order to effectively monitor and evaluate performance.

Internal Audit

Internal Audit must be an independent side which monitor and report overall implementation processes of the institution. FUTABA's Internal Audit was first established in July 2017, in charge by Internal Audit Unit Manager. This position has been changed and re-recognized by NBC on September 28th, 2020. Internal Audit Unit Manager is responsible for conducting audit tasks and all operating inspection within FUTABA Microfinance Plc., as well as audit planning, updating audit program and training staff for the necessary need to improve the quality of audit. In accordance with the internal audit policies and audit plan, at least once a year, shall be audited at each branch and department. Internal Audit side is independent of all FUTABA's operations and reports directly to Audit Committee in Board level. In fact, in 2020, Internal Audit also reported the internal audit reports to Board of Directors about the performance and key issues finding of the institution's operations under managing by management team, department and branch.

To support the Board of Director and Managements, FUTABA has established two committees at the board level such as the Audit Committee, and Risk & Compliance Committee.

- Audit Committee

This committee is constituted to ensure safe and sound corporate governance and it is vested with necessary power as defined in its Charter to achieve its objectives. The powers and terms of reference of the Audit Committee are comprehensive and comply with the requirement as set out by Article 131 of the Law on Commercial Enterprise, as well as Article 8 of the Prakas B7-08-211 on Governance in Bank and Finance Institutions of Cambodia. The Chairman of this committee is a Non-Executive Independent Director who also answers all queries from shareholder at the meeting.

- Meeting and Membership

The meeting of Audit Committee shall be called by the Chairman of the committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary. The Audit Committee meets as frequently as required, but not less than 2 times a year.

The Committee shall be appointed by the Board, and shall be at least three members. The Chairman of this committee shall be an independent board of director and all members must be independent of their roles and responsibilities as well. The AC members are as follow:

- Mr. MOTOO HAMADA	Independent Board of Director	: Chairman
- Mr. JUNICHI SASAKI	CEO/President	: Member
- Mr. PREAP Kandoeng	Assistant CEO	: Invitation
- Mr. UM Piseth	Assistant CEO	: Invitation
- Person In-Charge	Internal Audit Unit Manager	: Member/Secretary

- Duties & Responsibilities

- . Review and approve the term of the annual internal audit plan and work program including objectives, scope, and timetable.
- . Review the matters which may affect the independence of the internal auditor.
- . Review and approve of a policy and procedure.
- . Review the findings and follow-up of the internal auditor including any significant disagreements between management and the internal auditor with regard to required system and control.
- . Ensure that direct and open communication exists among the AC, the external auditor and the internal auditor.
- . Provide AC members for access to the internal auditors and the Internal Audit Unit Manager/Head of Internal Auditor without the presence of management.
- . Communicate the AC's expectations to the internal auditor in writing.
- . Receive and review the reports that prepared by internal auditor and activity in terms of qualities and timeliness.
- . Monitor the progressive of the internal audit plan and work program and considering the implications of internal audit findings for the control and business environment.
- . Monitor the implementation of internal audit's findings and recommendations.
- . Monitor and reviewing the quality of internal audit services delivered.
- . Evaluate the process the company has in place for monitoring and assessing the effectiveness of the internal auditor.
- . Oversee the coordination of the planned activities of internal and external audit, risk and compliance management.



FUTABA's Products

- Business Loan
- Housing Loan
- Consumption Loan
- Agriculture Loan
- Education Loan
- Employee Loan
- Staff Loan

ANNIVERSARY CELEBRATION

5 Years

Operation
2016 - 2020

FUTABA's Products

We, FUTABA Microfinance Plc., do provide various kind of financing services, such as Business Loan, Housing Loan, Agriculture Loan, Staff loan, Consumption Loan, Education Loan, and Employee Loan with very **LOW INTEREST RATE** and the best Customer Services.





Business Loan



Target Customer :

To all customers who need financial service to support and expand their business in order to generate profit.



Currency : KHR & USD



Loan Size : 200 USD - 200,000 USD



Loan Term Up To : 10 years



Housing Loan



Target Customer :

To all customers who need to buy home or build home for residential and business purpose.



Currency : KHR & USD



Loan Size : 200 USD - 200,000 USD



Loan Term Up To : 10 years



Consumption Loan



Target Customer :
To all customers who need financial service to buy equipments for personal usages.



Currency : KHR & USD



Loan Size : 200 USD - 200,000 USD



Loan Term Up To : 10 years



Agriculture Loan



Target Customer :
To all customers who have purpose to expand agriculture sectors.



Currency : KHR & USD



Loan Size : 200 USD - 200,000 USD



Loan Term Up To : 10 years



Education Loan



Target Customer :

To all parents or students who lack of financial for school fee.



Currency : KHR & USD



Loan Size : 200 USD - 2,000 USD



Loan Term Up To : 5 year



Staff Loan



Target Customer :

To all **FUTABA's** staffs who need financial service to support their living standard.



Currency : KH & USD



Loan Size : 24 times or 48 times of basic salary



Loan Term Up To : 15 years



Employee Loan



Target Customer :

To provide for individual who has a regular salary income for supporting their financial need but it must be legal usage.



Currency : KH & USD



Loan Size : Up to 20,000,000 Riel
or 5,000 USD



Loan Term Up To : 2 years

Loan Conditions

- Age from 18 to 65 years old.
- Have permanent location in FUTABA's operation areas.
- Have a good history in society.
- Have a legal employment or business.
- Have a properly collateral.

Required documents

- ID Card or Family Book or Residence Book or Birth Certificate or Passport.
- Collateral (Hard Title or Soft Title).
- Other documents related to Income Sources.



Staffs Capacity Development

- Internal Training
- External Training

ANNIVERSARY CELEBRATION

5 Years

Operation
2016 – 2020

Staffs Capacity Development

In 2020, the global pandemic of COVID-19 has affected to society communication around the world including Cambodia. During this global pandemic of COVID-19, Ministry of Health has announced to all companies and firms that must involve and implement the guideline of Ministry of Health in order to prevention from Covid-19.

To comply with announcement of Ministry of Health, the management of FUTABA has taken the restrict of crowded gatherings. However, to improve staff capacity, the management of FUTABA always finds the suitable time to conduct trainings in order to enhance their professional skills and motivation.

As a result, training courses have provided to new and existing staffs, only when there is an urgent needs, adhere to the announcement of Ministry of Labor Law and Vocational Training and Ministry of Health of Kingdom of Cambodia.

- Internal training

In 2020, there were 24 internal trainings for new and existing staffs that FUTABA Microfinance Plc. has provided.



Internal Training Activities



Internal Training Activities



Internal Training Activities



Internal Training Activities

- External Training

To prevent of Covid-19 and improve staff capacity, the management of FUTABA microfinance plc. has encouraged all level of staffs to attend external training by online.

As a result, in 2020, there were 15 seminars and external trainings that managements and staffs of FUTABA microfinance plc. joined.



Financial Statements & Independent Auditor's Report

- Report of the Board of Directors
- Report of the Independent Auditors
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows

ANNIVERSARY CELEBRATION

5 Years

Operation
2016 – 2020

Report of the Board of Directors

The Board of Directors (the “Board” or “Directors”) hereby submit their report together with the audited financial statements of FUTABA Microfinance Plc. (“the Company”) for the year ended 31 December 2020 (the “financial year” or “year”).

Principal activities

The principal activity of the Company is to provide the public with sustainable micro-finance services to small and medium enterprise and individual through its head office and other three branches based in Phnom Penh and Kampong Speu, Kingdom of Cambodia. There have been no significant changes in the nature of this activity from the previous financial year.

Financial performance

The financial performance of the Company was as follows:

	US\$	2020 KHR'000 (Note 2.4)	US\$	2019 KHR'000 (Note 2.4)
Profit before income tax	599,352	2,443,558	604,648	2,450,034
Income tax expense	(122,290)	(498,576)	(139,832)	(566,599)
Net profit for the year	477,062	1,944,982	464,816	1,883,435

Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid during the financial year.

Share capital

The paid-up capital of the Company as at 31 December 2020 is US\$7,000,000 (2019:US\$7,000,000) with a par value of US\$1,000 per share. Refer to Note 14 for the detailed Company’s share capital and shareholding structure.

Reserves and provisions

There were no material transfers to or from reserves and provision during the financial year other than amount as disclosed in the financial statements.

Bad and doubtful debts

Before the financial statements of the Company were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Company, inadequate to any material extent.

Current assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be

expected to realise.

At the date of this report, the Directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

Contingent liabilities

At the date of this report, there does not exist:

- (i) Any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) Any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the liability of the Company to meet its obligations when they fall due.

Changes of circumstances

At the date of this report, the Directors is not aware of any circumstances not otherwise dealt with in the report or in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or event of material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Directors, to effect substantially the results of the operations of the Company for the financial year in which this report is made.

Events since the reporting date

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

The members of the Board of Directors during the year and at the date of this report are:

1. Mr. Chreuk Phally	Chairman
2. Mr. Yosuke Sasaki	Director
3. Mr. Junichi Sasaki	Director
4. Mr. Motoo Hamada	Independent Director
5. Mr. Nget Sovannaro	Independent Director

Directors' interests

None of the Directors held or dealt directly in the shares of the Company during the year.

Directors' benefits

During and at the end of the financial year, no arrangement subsisted to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Directors of the Company have received or become entitled to receive benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by Directors) by reason of a contract made by the Company with the Directors or firm of which the Director is member, or a Company in which the Directors has a substantial financial interest, other than as disclosed in the financial statements.

Statements of Directors' responsibility in respect of financial statements

The Board of Directors is responsible to ascertain that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"). In preparing those financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRS for SMEs, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and effective system of internal control;
- (iv) assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

The Board of Directors hereby approve the accompanying financial statements as set out on pages 8 to 38 which present fairly, in all material respects, the financial position of FUTABA Microfinance Plc. as at 31 December 2020, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

Signed in accordance with a resolution of the Board of Directors.



Mr. Chreuk Phally

Chairman

Date: 26 February 2021

Report of the Independent Auditors

To the Shareholders, **FUTABA** Microfinance Plc.

Opinion

We have audited the financial statements of FUTABA Microfinance Plc. (the “Company”), which comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 38.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - comparative information

We draw attention to Note 25 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2019 has been restated. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2019 were audited by another auditor who expressed an unqualified audit opinion on those statements on 13 May 2020.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with CIFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis

of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- . Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- . Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- . Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- . Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or condition may cause the Company to cease to continue as a going concern.
- . Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Fii&Associates Co., Ltd

Heng Seida
Managing Partner
Phnom Penh, Kingdom of Cambodia
Date: 26 February 2021

Statement of Financial Position

As at 31 December 2020

		2020		2019	
	Note	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
ASSETS					
Cash on hand	4	23,115	93,500	54,200	220,865
Deposits and placements with the NBC	5	354,173	1,432,630	352,404	1,436,046
Deposits and placements with banks	6	270,189	1,092,915	711,551	2,899,570
Loans to customers	7	14,238,959	57,596,589	13,417,714	54,677,185
Other assets	8	130,842	529,256	217,589	886,674
Property and equipment	9	107,068	433,090	148,063	603,357
Deferred tax assets-net	11.1	-	-	16,613	67,698
Total assets		15,124,346	61,177,980	14,918,134	60,791,395
LIABILITIES AND EQUITY					
Liabilities					
Other payables	10	63,189	255,600	198,905	810,537
Current income tax liability	11.2	75,894	306,991	103,070	420,010
Advance from shareholder	12	1,390,000	5,622,550	1,390,000	5,664,250
Borrowings	13	5,530,513	22,370,925	5,650,937	23,027,568
Deferred tax liabilities-net	11.1	12,466	50,425	-	-
Total liabilities		7,072,062	28,606,491	7,342,912	29,922,365
Equity					
Share capital	14	7,000,000	28,000,000	7,000,000	28,000,000
Regulatory reserves	15	300,856	1,216,963	148,456	604,958
Retained earnings		751,428	3,053,527	426,766	1,729,575
Currency translation differences		-	300,999	-	534,497
Total equity		8,052,284	32,571,489	7,575,222	30,869,030
Total liabilities and equity		15,124,346	61,177,980	14,918,134	60,791,395

Statement of Comprehensive Income

For the year ended 31 December 2020

		2020		2019	
	Note	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Interest income	16	1,889,260	7,702,513	1,812,297	7,343,427
Interest expense	17	(139,722)	(569,647)	(91,005)	(368,752)
Net interest income		1,749,538	7,132,866	1,721,292	6,974,675
Other operating income	18	73,531	299,786	58,351	236,438
Total operating income		1,823,069	7,432,652	1,779,643	7,211,113
General and administrative expenses	19	(1,123,977)	(4,582,454)	(1,173,946)	(4,756,829)
Allowance for bad and doubtful loans	7	(99,740)	(406,640)	(967)	(3,918)
Allowance for placement with banks		-	-	(82)	(332)
Profit before income tax		599,352	2,443,558	604,648	2,450,034
Income tax expense	11.3	(122,290)	(498,576)	(139,832)	(566,599)
Net profit for the year		477,062	1,944,982	464,816	1,883,435
Other comprehensive income					
Currency translation differences		-	(233,498)	-	408,497
Total comprehensive income for the year		477,062	1,711,484	464,816	2,291,932

◆ Statement of Changes in Equity

For the year ended 31 December 2020

	USD	Share capital KHR '000 (Note 2.4)	Regulatory reserves USD KHR '000 (Note 2.4)	Retained earnings USD KHR '000 (Note 2.4)	Currency translation differences USD KHR '000 (Note 2.4)	Total				
At 1 January 2019	7,000,000	28,000,000	119,780	481,276	(9,374)	(37,665)	-	126,000	7,110,406	28,569,611
Comprehensive income for the year										
Net profit for the year	-	-	-	-	464,816	1,883,435	-	-	464,816	1,883,435
Transfer to reserve	-	-	28,676	116,195	(28,676)	(116,195)	-	-	-	-
Other comprehensive income										
Currency translation differences	-	-	-	7,487	-	-	-	408,497	-	415,984
Total comprehensive income for the year	-	-	28,676	123,682	436,140	1,767,240	-	408,497	464,816	2,299,419
At 31 December 2019	7,000,000	28,000,000	148,456	604,958	426,766	1,729,575	-	534,497	7,575,222	30,869,030
At 1 January 2020	7,000,000	28,000,000	148,456	604,958	426,766	1,729,575	-	534,497	7,575,222	30,869,030
Comprehensive income for the year										
Net profit for the year	-	-	-	-	477,062	1,944,982	-	-	477,062	1,944,982
Transfer to reserve	-	-	152,400	621,030	(152,400)	(621,030)	-	-	-	-
Other comprehensive income										
Currency translation differences	-	-	-	(9,025)	-	-	-	(233,498)	-	(242,523)
Total comprehensive income for the year	-	-	152,400	612,005	324,662	1,323,952	-	(233,498)	477,062	1,702,459
At 31 December 2020	7,000,000	28,000,000	300,856	1,216,963	751,428	3,053,527	-	300,999	8,052,284	32,571,489

Statement of Cash Flows

For the year ended 31 December 2020

	2020		2019	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Cash flows from operating activities				
Net profit for the year	477,062	1,944,982	464,816	1,883,435
Adjustments for:				
Income tax expense	122,290	498,576	139,832	566,599
Impairment loss on financial assets	99,740	406,640	912	3,695
Depreciation	53,915	219,811	55,966	226,774
(Gain) / Loss on disposals of property and equipment	(45)	(183)	109	442
	<u>752,962</u>	<u>3,069,826</u>	<u>661,635</u>	<u>2,680,945</u>
Changes in:				
Loans to customers	(920,985)	(3,754,856)	(654,632)	(2,652,569)
Other assets	86,747	353,668	(94,980)	(384,859)
Other payables	(135,716)	(553,314)	(20,818)	(84,355)
	<u>(216,992)</u>	<u>(884,676)</u>	<u>(108,795)</u>	<u>(440,838)</u>
Income tax paid	(120,387)	(490,818)	(114,455)	(463,772)
Net cash used in operating activities	(337,379)	(1,375,494)	(223,250)	(904,610)
Cash flows from investing activities				
Purchase of property and equipment	(13,075)	(53,307)	(9,660)	(39,142)
Proceeds from disposals of property and equipment	200	815	60	243
Net cash used in investing activities	(12,875)	(52,492)	(9,600)	(38,899)
Cash flows from financing activities				
Proceeds from borrowings from shareholder	-	-	400,400	1,622,421
Repayment of borrowings from shareholder	-	-	(200,000)	(810,400)
Proceeds from borrowings from a bank	-	-	490,798	1,988,713
Repayment of borrowing from a bank	(120,424)	(490,969)	-	-
Net cash (used in) / generated from financing activities	(120,424)	(490,969)	691,198	2,800,734
Net (decrease) / increase in cash and cash equivalents	(470,678)	(1,918,955)	458,348	1,857,225
Cash and cash equivalents at 1 January	768,155	3,130,231	309,807	1,244,804
Currency translation differences	-	(7,981)	-	28,202
Cash and cash equivalents at 31 December (Note 20)	297,477	1,203,295	768,155	3,130,231

FUTABA's Corporate Partner

Partners



Lenders





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